



Pete Ricketts
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October 31, 2017

Mr. Patrick J. O'Donnell
Clerk of the Legislature
State Capitol Rm 2018
Lincoln, NE 68509-4604

Dear Mr. O'Donnell:

The enclosed reports to the Legislature for fiscal year 2016/17 regarding the Commercial Dog and Cat Operator Inspection Act were prepared by the Nebraska Department of Agriculture to comply with the requirements in §54-642. A copy will also be submitted to the Agriculture Committee and the Appropriations Committee for their review.

If you have any questions in this regard, please contact me at (402) 471-2351.

Sincerely,

DEPARTMENT OF AGRICULTURE

A handwritten signature in cursive script, reading "Dennis A. Hughes D.V.M.", written in black ink.

Dr. Dennis Hughes
State Veterinarian

Enclosures

copies: Senator Lydia Brasch, Chair of the Agriculture Committee
Senator John Stinner, Chair of the Appropriations Committee

Annual Report

Commercial Dog and Cat Operator Inspection Program

Fiscal Year July 1, 2016– June 30, 2017

Annette Bredthauer, DVM
October 30, 2017

NEBRASKA DEPARTMENT OF AGRICULTURE

**REPORT TO THE LEGISLATURE FOR FISCAL YEAR 2016 - 2017 REGARDING THE
COMMERCIAL DOG AND CAT OPERATOR INSPECTION ACT**

AGENCY 18 - DEPARTMENT OF AGRICULTURE

PROGRAM 063 – Animal and Plant Health Protection

INTRODUCTION

The Nebraska Department of Agriculture (Department) submits this report to comply with §54-642 of the Commercial Dog and Cat Operator Inspection Act (“Act”). Section 54-642 requires the Department to:

1. Identify costs incurred by the Department to administer the Act in the previous fiscal year (see Table 2).
2. Detail costs incurred by primary activity (see Tables 1 and 2).
3. Provide a breakdown by category of all revenue credited to the cash fund in the previous fiscal year (see Table 1).

To assist in understanding these costs and the revenue for this program, the following background information is submitted. The Commercial Dog and Cat Operator Inspection Act was first enacted in 2000. Since that time, a number of amendments have been enacted which have placed mandates on the Department and on those who are regulated by the Act. For instance, an additional four types of facilities which are subject to the Act have been added since the original legislation was enacted.

LICENSES

In FY 16/17, 208 commercial breeders held licenses, compared to 211 in FY 15/16 (see Table 3).

Licenses in the animal shelter, animal control and animal rescue category decreased slightly from 242 in FY 15/16 to 240 in FY 16/17.

Compared to FY 15/16, the number of licensed dealers remained about the same, pet stores decreased by 8 percent and boarding kennels increased by about 8 percent in FY 16/17.

ADDITIONAL FEES

LB 360, which went into effect on December 1, 2015, established an additional \$2 per animal fee calculated from the average daily dog or cat numbers numbering more than 10 harbored or owned by commercial breeders, pet shops, dealers and boarding kennels. In FY 16/17, the program received \$12,502 from this fee, which is included in license fees/annual fees in Table 1. The Department also collected \$3,231 from reinspection fees, attempted inspection fees and reimbursed inspector mileage which are listed under the heading of reinspection/attempted inspections in Table 1.

COMPLAINTS

In FY 16/17 the program received 59 complaints (Table 4). This is a 16% decrease over the average of complaints received over the past four years.

The investment of time to resolve the issue or issues found during an inspection based on a complaint can vary greatly, from those complaints which are discovered to be unfounded, to those which require the cooperation of law enforcement and other local entities. Approximately a third of the inspections conducted as the result of a complaint necessitate at least one additional inspection.

PUBLIC RELATIONS

Table 4 also shows the number of hours invested in public relations contacts. These contacts serve to gain compliance from the regulated, to gain assistance of and work with local law enforcement, and to educate and work with other local entities, industry leaders, and veterinarians.

Report – History

Fiscal Year 2016 - 2017 Legislative Report

Commercial Dog and Cat Operator Inspection Program - Agency 18

Nebraska Department of Agriculture (Department)

Program 063 - Animal and Plant Health Protection (APHP)

The provisions of this Program were initiated during the 2000 session of the Nebraska Legislature. The Act became operative July 1, 2000. Regulations were approved in July 2001, amended in August of 2003, May of 2012, September of 2013, April of 2015, and most recently, amended in February of 2016.

APHP began licensing commercial breeders, dealers, and boarding kennels during FY2001/02. The licensing period is April 1 to March 31. License fees during the FY2001/02 year were set at \$100.

On April 17, 2003, LB 233 went into effect, except new licenses required by this bill went into effect on October 1, 2003. This required that all animal control facilities and animal shelters be State licensed. The licensing period for animal control facilities and animal shelters is October 1 to September 30. License fees during 2003 were set at \$150.

On August 31, 2003, provisions of LB 274 went into effect. This bill required all pet shops be licensed beginning January 1, 2004. The licensing period for pet shops is April 1 to March 31. License fees were set at \$150.

On September 27, 2006, initial license fees were set at \$125. Renewal fees remained at \$150. This was authorized by LB 856.

On September 1, 2007, LB 12 went into effect. LB 12 established the following requirements: (1) the facilities of all initial applicants shall receive a qualifying inspection before a license can be issued; (2) at least one inspection shall be conducted every 24 months for all licensees; (3) a three-tiered renewal fee schedule of \$150, \$200, and \$250 based on the annual daily average number of dogs and cats housed during the previous licensure period; and (4) a \$150 renewal fee for licensed facilities that do not house dogs or cats. LB 12 also allowed the Department to impose administrative fines. LB 12A provided funding for additional staff, including a part-time attorney, full-time supervising veterinarian, and two additional inspectors.

On August 30, 2009, LB 241 went into effect. LB 241 authorized the Department to issue and enforce stop-movement orders and expanded the definition of animal control facility to include facilities under contract with the State or any political subdivision of the State.

On July 15, 2010, provisions of LB 910 went into effect, with portions requiring the licensing of animal rescues, beginning on October 1, 2010. LB 910 established the following provisions: (1) a definition and licensing requirement for animal rescue; (2) definition of foster home; (3) any county, city, or village that imposes a license tax on the owner or harbinger of any cats or dogs shall, in addition to the license tax imposed by the licensing jurisdiction, collect from the licensee a fee of one dollar with 97% of the fee remitted to the State Treasurer for credit to the Commercial Dog and Cat Operator Inspection Program Cash Fund; (4) increased licensing fees with an 11-tiered annual license fee schedule of \$150, \$200, 250, \$300, \$350, \$400, \$450, \$500, \$550, \$600, and \$2,000; (5) set the annual license fee for an animal rescue at \$150; and (6) changed the late renewal fee to an amount equal to twenty percent (20%) of the annual license fee, due and payable each month, not to exceed one hundred percent (100%) of such fee.

The Act was further revised during the 2012 session of the Nebraska Legislature with the passage of LB 427. On October 1, 2012, provisions of LB 427 went into effect. LB 427 established the following provisions: (1) a definition of a breeding dog; (2) a definition of a commercial cat breeder; (3) a redefinition of a commercial dog breeder; (4) changed licensing, exercise, and primary enclosure requirements; (5) changed requirements of commercial cat breeders and commercial dog breeders.

On July 31, 2013, a regulation hearing was held to amend regulations to the Commercial Dog and Cat Operator Inspection Act in order to be consistent with LB 427. These regulations were filed with the Secretary of State on September 23, 2013.

On January 21, 2015 a regulation hearing was held to propose regulation changes that clarified violations, made them easier to fully document; standardized compliance timeframes; and provided clearer provisions for gaining access to make inspections. These regulations were filed with the Secretary of State on April 6, 2015.

On December 1, 2015, provisions of LB360 went into effect. LB360 defined normal business hours and 'Significant threat to the health or safety of dogs or cats', changed the licenses to non-lapsing, clarified how the count utilized to calculate the annual fee is determined, allowed for the hiring of a part-time special investigator, and expanded on the requirement for licensees, applicants or other operators to make their premises available for inspection. LB360 also increased the annual fee for some categories of licensees, established a \$2 per animal fee (daily average) for commercial breeders, pet shops, dealers and boarding kennels, and established a reinspection fee of \$150 for reinspections and attempted inspections. The pet license fee collected by counties, cities and villages also was increased by twenty-five cents.

On December 1, 2016, a regulation hearing was held to amend the regulations in order to be consistent with LB360, and regroup current regulations for better organization. These regulations were filed with the Secretary of State on February 12, 2016.

The goal of the Commercial Dog and Cat Operator Inspection Program is to maintain a quality licensure and inspection program for commercial breeders, dealers, boarding kennels, animal control facilities, animal rescues, animal shelters, and pet stores, ensuring uniform standards consistent across the State.

The tables that more directly respond to the items in Section 54-642 follow and are described as:

- A **Cash Fund Fiscal Report**, which shows beginning and ending cash fund balances. This Report also shows all revenue received and expenses incurred by category. (Table 1)
- A **Costs to Administer the Act Report**, which shows all administrative costs allocated and program costs incurred by the Nebraska Department of Agriculture categorized by primary activity. (Table 2)
- A **State Fiscal Year Annual Activity Report - Licensees**, which shows the number of licensed facilities as of June 30, 2017, categorized by type of operation. (Table 3)
- A **State Fiscal Year Annual Activity Report - Inspections**, which provides details on the total number of complaints, types and number of inspections, and total number of public relations contacts by program staff. (Table 4)

**Department of Agriculture
Commercial Dog and Cat Operator Inspection Program
Cash Fund Fiscal Report
July 1, 2016 – June 30, 2017**

Description	FY 16/17
Beginning Cash Balance	\$ 86,612.09
Revenue:	
License Fees/Annual Fees	\$ 140,333.02 *
Reinspection/Attempted Inspection Fees	3,231.66
Local License Fees	291,429.67
Late Fees	2,519.00
Investment Income	1,346.91
Donations	0.00
Reimbursements	243.99
Sale of Surplus Vehicle	3,696.72
Total Revenue	\$ 442,800.97
 Total Available Cash	 \$ 529,413.06
Expenditures:	
Salary and Benefits	\$ 352,313.67
Postage and DAS Surcharge	1,678.99
Communications Expense	6,734.55
Data Processing Expense	23,002.99
Printing	221.38
Conference Registration	755.05
Office Rent and Surcharge	1,844.52
Office Supplies Expense	425.34
Agricultural, Educational, Medical, and Miscellaneous Supplies	1,125.72
Repair and Maintenance and Supplies-Motor Vehicle	2,640.42
Gas Expense	8,732.79
Miscellaneous Operating Expense	7,163.67
Accounting and Auditing Services	529.13
Board and Lodging	2,008.03
Commercial Transportation	101.61
State-owned Transportation	3966.26
Personal Vehicle Mileage	110.63
Misc Travel Expense	153.38
Capital Outlay-Vehicles	0.00
Total Expenditures	\$ 413,508.13
Accounts Payable/Accrued	532.00
Ending Cash Balance	\$ 116,436.93

* LB 360 generated approximately \$12,502 from the extra \$2.00 fee per dog or cat

Table 1

Department of Agriculture
Commercial Dog and Cat Operator Inspection Program
Costs to Administer the Act Report
July 1, 2016 - June 30, 2017

	<u>General Fund</u>	<u>Cash Fund</u>	<u>Total Costs</u>
Agency Overhead:			
Agency Administration	\$ 66,833.93	\$ 0.00	\$ 66,883.93
Finance and Personnel	1,880.87	0.00	1,880.87
Building Overhead	2,397.84	0.00	2,397.84
Total	\$ 71,162.65	\$ 0.00	\$ 71,162.65
Animal and Plant Health Protection Expenses:			
Investigations and Complaints	0.00	52,648.13	52,648.13
Inspections	0.00	184,448.84	184,448.84
Program Administration	0.00	65,685.77	65,685.77
Public Relations	0.00	63,272.24	63,272.24
Attempted Inspection	0.00	14,543.20	14,543.20
Licensing	0.00	31,126.91	31,126.91
Request for Information	0.00	1,171.72	1,171.72
Hearings	0.00	611.33	611.33
Total	0.00	413,508.13	413,508.13
Grand Total	\$ <u>71,162.65</u>	\$ <u>413,508.13</u>	\$ <u>484,670.78</u>

Table 2

Nebraska Department of Agriculture

**Commercial Dog and Cat Operator Inspection Act
State Fiscal Year Annual Activity Report-Licensees**

July 1, 2016 – June 30, 2017

Number of licensed facilities as of June 30, 2017

State Fiscal Year	July 1, 2012- June 30, 2013	July 1, 2013- June 30, 2014	July 1, 2014- June 30, 2015	July 1, 2015- June 30, 2016	July 1, 2016- June 30, 2017
Total Number of Licensed Facilities	710	692	684	668	663
Type of Facility					
Commercial Breeders	248	236	222	211	208
Boarding Kennels	103	106	104	108	117
Dealers	9	8	9	7	6
Total	360	350	335	326	331
Animal Shelters	29	36	38	37	34
Animal Control Facilities	129	125	127	120	120
Animal Rescues	82	83	88	85	86
Total	240	244	253	242	240
Pet Shops	110	98	96	100	92
Total	110	98	96	100	92

Table 3

Nebraska Department of Agriculture

**Commercial Dog and Cat Operator Inspection Act
State Fiscal Year Annual Activity Report - Inspections**

July 1, 2016 – June 30, 2017

Complaints, Inspections and Public Relations Activity as of June 30, 2017

State Fiscal Year	July 1, 2012- June 30, 2013	July 1, 2013- June 30, 2014	July 1, 2014- June 30, 2015	July 1, 2015- June 30, 2016	July 1, 2016- June 30, 2017
Complaints					
Total Number of Complaints	63	92	82	43	59
Inspections					
Type of Inspection					
Attempted	67	111	134	59	17
Pre-inspection	61	38	56	43	46
Routine	571	*679	711	659	674
Re-inspection	43	111	119	50	9
Complaint	38	49	38	16	21
Exit	18	22	28	24	28
Total Number of Attempted and Completed Inspections	798	*1,010	1,086	851	795
Total Number of Completed Inspections	731	899	952	792	778
Public Relations Hours	227	269	202	235	369
Total Number of Contacts	318	498	407	475	590

*Includes 30 inspections of the records at rescues utilizing foster homes

Table 4